**16:45pm – 17:45pm on Friday July 31st, 2020**
**IR Meeting for results of Q1 FY Ending March 2021**

**[1st Quarter Financial Results for FY Ending March 2021 (P0)]**

Good afternoon, my name is Takakazu Uchida, Chief Financial Officer.
Thank you for joining us today.
I will start by reviewing our results for the first quarter of the fiscal year to March 2021.

Although performance for the first quarter of the financial year could not avoid being lower than the previous period of the last fiscal year due to the impact of COVID-19, we are progressing well against our plan, mainly due to strong performance from Resources & Energy and Innovation & Corporate Development.
Even under the spread of COVID-19, we are adapting to remote working and utilizing digital tools across all of our offices worldwide to maintain our operations and to implement necessary countermeasures.

**[Summary of operating Results (P3)]**

Please turn to page 3. I will now summarize our operating results for the first quarter of the fiscal year.

Core operating cash flow decreased by 31.6 billion yen year on year to 110.8 billion yen, and representing progress to full-year target of 28%. Profit for the period decreased by 62.4 billion yen year on year to 62.6 billion yen, representing progress to full-year target of 35%.

Due to the slow-down in commodity markets and economic activity arising from COVID-19, our results are lower year on year, however, factors such as high iron ore prices, strong trading in oil and LNG, and FVTPL earnings mean that we are progressing steadily with our initial plan.

However, staggered consolidation of earnings from some of our affiliated companies with different reporting periods mean that it remains possible that the full impact of COVID-19 on our consolidated results will be reflected from the second quarter onward.

Moreover, in the areas of mobility, healthcare services and materials, where at the start of the period we were expecting quite a large impact, we need to be cautious about the future prospect.

In the global economy, we have seen China resume economic activity in advance of other countries, while in the US, Japan and other major developed markets, economies began to reopen from May and June. Although it seems that the worst period of economic shutdown may have passed sooner than we expected, some countries and regions are experiencing ongoing viral spread or a second wave of infections, so we continue to be cautious about any expectations of a rapid return to normality.

As management, we will continue to manage risk closely, take heed of the business environment in which we operate.

**[Strengthen profitability of core business; Pursue new business (P4)]**
Please turn to page 4.

Next, I would like to discuss the progress of one of our corporate strategies: Strengthening the profitability of core businesses and pursuing new business.

Core operating cash flow from our core areas of Resources & Energy, Infrastructure & Machinery, and Chemicals was 106.9 billion yen with profit for the period of 60.5 billion yen, accounting for more than 90% of our total operating cash flow and profit.

In Resources & Energy, we made steady progress, supported by high iron ore prices. Oil and LNG trading was strong, contributing to a steady start to the year with core operating cash flow of 78.3 billion yen and profit of 35.7 billion yen.

In Machinery & Infrastructure, progress was largely in line with plan due to contribution from asset recycling, however, we will continue to watch performance closely from the second quarter when the full impact of COVID-19 is expected to emerge.

In Chemicals, progress was also largely in line with plan, with basic chemicals trading and agricultural supply businesses contributing to good performance despite the spread of COVID-19.

We are making progress in business restructuring and reorganization at our existing businesses. In Lifestyle, we formed a holding company to combine four subsidiaries operating in logistics for retail and restaurant businesses, and also a new subsidiary which aggregates import/export businesses. In Innovation and Corporate Development, we have started discussions on merging two of our ICT related subsidiaries. In Chemicals, we have decided to sell out of San-ei Sucrochemical. Even amid the pandemic, we will not slow down our efforts to strengthen our competitive position by intensifying and increasing the sophistication of our operations.

**【Financial strategy and portfolio management（P5）】**

Please look at page 5.

I will now review progress on another of our medium-term management plan strategies: to evolve our financial strategy and portfolio management.

Cash inflow for the period included core operating cash flow of 110 billion yen along with inflow mainly from asset recycling of 40 billion yen arising from the sale of assets such as a power generation business in North America.

Cash outflows included investments and loans of 145 billion yen and a 40-billion-yen outflow for the acquisition of shares during this period as part of the share buyback previously announced. Main investment and loan items included an integrated development of Mitsui & Co. Head Office in Tokyo, iron ore business in Australia and LNG projects under development.

The business environment remains severe, and we will continue to manage the company with focus on cash flow and maintain strict investment discipline, including closely reviewing both post FID investment and maintenance CAPEX, and ongoing investments in existing businesses.

**【Financial strategy and portfolio management (P6)】**

Please turn to page 6, for a review of the balance sheet at the end of the first quarter.

Compared to the end of March 2020, net interest-bearing debt has increased 48.2 billion yen to 3.5 trillion yen. Shareholders' equity increased 53 billion yen to 3.9 trillion yen. As a result, net DER was unchanged at 0.91x.

**【Strategic Focus (P7)】**

We will now turn to page 7 and review progress on our Strategic Focus.

Despite the spread of COVID-19 during the first quarter, we have taken necessary measures and have continued to move steadily forward with our strategy.

In Energy Solutions, progress included launching commercial operations at the Fukushima gas fired power plant and investing in the largest hydrogen station developer and operator in the US. Looking ahead, we will be pursuing business in areas such as smart energy services and climate change response.

In Healthcare/Nutrition, at our Asian hospital operations we are starting to introduce integrated telemedicine, while contributing to the COVID-19 response and the development of new business models. We will continue to seek accelerated growth in medical and related areas.

In Market Asia, at Bussan Auto Finance in Indonesia we used AI technology to develop and introduce a credit/collection scoring system, supporting our efforts to strengthen risk management as the business expands. Focused on Asia, we will continue to make active use of DX to develop new business models and leverage the shift of power to consumers.

**【Impact of COVID-19 (P8)】**

Please turn now to page 8. The global COVID-19 pandemic shows no sign of abating, so allow me to explain its current and expected impact on Mitsui.

In Resources & Energy, the price of iron ore remains high and oil has begun some early recovery, but coal prices have fallen and remain low. Machinery & Infrastructure remains the area of most concern, as a high level of uncertainty persists in automobiles and other areas. In materials business, there is growing impact on both Chemicals and Iron & Steel products, particularly a fall in automotive industry demand and reduced operation rates. In Lifestyle, the negative impact on hospital business is beginning to ease, while the impact on services for cafeterias, event facilities and suchlike might linger more than expected. The impact on retail, foodstuffs and fashion business is also deepening. On the other hand, in Innovation & Corporate Development, we see good performance at businesses such as digital security which have contributed to positive results.

The operating environment is changing day by day, and the level of uncertainty remains very high. We have not revised the business plan in the first quarter but will be making a thorough review during the second quarter. In the meantime, the businesses have been instructed to firstly focus on the countermeasures to the pandemic and to continue monitoring its effect.

Although the worst period of macro-economic stagnation may have passed and our first quarter has produced a solid startrelative to plan, it is expected that the true impact on each business from COVID-19 will be reflected from second quarter onwards. For subsequent periods, we need to be mindful of the delayed consolidation of some affiliated companies with different reporting periods, heightened credit risk and the possibility of changes to the business plans. We also need to be wary of any subsequent waves of infection, and also be prepared for a scenario where the activities will not recover to before-COVID 19 levels.

That concludes my part of the presentation. I will now hand over to Tetsuya Shigeta, our Global Controller, to explain details of our results for the first quarter.

== Global Controller Division Part ==

**[Operating Results (P9)]**

Good afternoon, my name is Tetsuya Shigeta, Global Controller, and I will now provide details of our operating results.

**[Core operating cash flow: YoY segment comparison (P10)]**

Please look at page 10.

First, I will explain the main changes in core operating cash flow by segment compared to the first quarter of the previous fiscal year.

Core operating cash flow for the first quarter of the year was 110.8 billion yen, a year-on-year decrease of 31.6 billion yen.

In Mineral & Metal Resources, core operating cash flow decreased by 15.8 billion yen to 41.9 billion yen, mainly due to a decline in sales price and volume of coal at Australian coal mining operations.

In Energy, core operating cash flow decreased by 22.3 billion yen to 36.4 billion yen, mainly due to a decline in oil and gas prices and production volumes.

In Machinery & Infrastructure, core operating cash flow decreased by 5.3 billion yen to 12.9 billion yen, mainly due to a decrease in dividends from equity method affiliates.

Chemicals achieved core operating cash flow of 15.7 billion yen, a year-on-year increase of 9.2 billion yen, which was mainly due to a one-time factor at an oversas affiliate.

In the Lifestyle segment, core operating cash flow was 3.6 billion yen, a year-on-year decrease of 3.8 billion yen, which was mainly due to a decline in dining-out and purchasing demand at retail, food and fashion affiliates.

Innovation & Corporate Development achieved core operating cash flow of 12.7 billion yen, a year-on-year increase of 14.8 billion yen, mainly due to strong commodities trading in addition to FVTPL profit.

**[Q1 Profit: YoY segment comparison (P11)]**
Please turn to page 11.

I will now explain the main changes in profit by segment compared to the first quarter of the previous fiscal year.

Profit for the quarter decreased 62.4 billion yen to 62.6 billion yen.

In segments where profits were mainly influenced by the same factors I just explained for core operating cash flow, I will not go into further detail here.

In Mineral & Metal Resources, profits decreased 16.8 billion yen to 32.2 billion yen due to an impairment loss at Mozambique coal mining operations.

In Energy, profits decreased by 36.9 billion yen to 3.5 billion yen due to an absence of deferred tax assets associated with the FID for Mozambique Area 1, which was recorded in same period of the previous fiscal year

In Machinery & Infrastructure, profits increased by 1.2 billion yen to 18.5 billion yen mainly due the sale of a power generation business in North America and despite the absence of a one-time profit from the conclusion of arbitration related to a Brazilian gas supply business in same period of the previous fiscal year.

In Chemicals, profits increased by 2.2 billion yen to 6.3 billion yen mainly due to strong trading performance.

In Iron & Steel Products, profits decreased by 2.8 billion yen to negative 1.3 billion yen, mainly due to a decline in demand for steel for the automotive industry and a decline in operation rate.

In the Lifestyle segment, profits decreased by 13.2 billion yen to negative 5.6 billion yen due to a decrease in demand at hospitals and service related businesses.

**[Q1 Profit: YoY factor comparison (P12)]**
Turning now to page 12, here we will look at the factors influencing year-on-year changes in first quarter profit.

Base profit declined by approximately 10 billion yen. Although strong Head Office LNG trading and FVTPL recovery were positive factors, the impact of COVID-19 contributed to a decline in profit of approximately 16 billion yen, primarily in non-resources areas, and LNG dividends decreased.

Next, in Resource-related costs/volume, the deterioration of mining conditions resulting in lower volumes and higher costs contributed to a decline in profit of approximately 3 billion yen. In Energy, lower volumes resulting from a decline in production at MOECO's offshore Thailand operations contributed to a decrease in profits of approximately 6 billion yen.

Asset recycling contributed to a decline of approximately 1.0 billion yen due to the absence of gain on sale included in the same period of the previous fiscal year in Lifestyle and Innovation & Corporate Development, and despite gain on sale of power generation businesses in North America.

In Commodity prices/Forex, a decrease in the price of oil and gas was the main factor in a decline in profit of approximately 11 billion yen, while a decrease in the price of coal was behind a decline of approximately 8 billion yen. In Forex, yen strengthening against the Australian dollar was the main contributor to a decline in profit of approximately 5 billion yen.

Finally, Valuation gain/loss & special factors contributed to a decline of approximately 18 billion yen due to the absence of deferred tax assets associated with the FID for Mozambique Area 1 included in same period of the previous fiscal year, impairment loss at Mozambique coal business this Q1, and other factors.

That concludes my presentation. Thank you.